GREATER WINNIPEG GAS COMPANY

265 Notre Dame Avenue Winnipeg 2, Manitoba Telephone 942-0351

October 27, 1965

TO THE COMMON SHAREHOLDERS:

The following is a summary of the more detailed figures contained in this quarterly report:

	9 Months Ended				12 Months Ended			
(000s omitted)	Sept. 30, 1965	Sept. 30, 1964	Incr (Deci	ease rease)	Sept. 30, 1965	Sept. 30, 1964		rease)
Operating Revenues	\$14,193	\$11,867	\$2,326	20%	\$18,978	\$15,263	\$3,715	24%
Operating Expenses (less Income Tax)	10,323	8,820	1,503	17%	14,130	12,010	2,120	18%
Net Income before Income Tax	2,807	2,070	737	36%	3,433	1,979	1,454	73%
Accrued Income Tax	801	326	475	146%	812	326	486	149%
Deferred Income Tax	665	451	214	47%	849	451	398	88%
Net Income	1,341	1,293	48	4%	1,772	1,202	570	47%
		Statistica	l Data					
Sales—MMCF	19,913	17,085	2,828	17%	26,510	21,885	4,625	21%
Total Customers	77,721	70,806	6,915	10%				
Earnings per Common Share:								
Before Income Tax	\$ 1.77	\$ 1.30			\$ 2.16	\$ 1.25		
After Income Tax		.81			1.12	.76		

The following announcement was made on October 13, 1965: "Mr. C. Spencer Clark, Chairman of the Board of Directors of Northern Ontario Natural Gas Co. Ltd. and Mr. Peter D. Curry, President of Greater Winnipeg Gas Company announce that Northern Ontario Natural Gas Co. Ltd. will make an exchange offer to acquire outstanding shares of Greater Winnipeg Gas Company on the basis of one share of Northern Ontario Natural Gas common shares for one share of Greater Winnipeg Gas stock. Northern Ontario Natural Gas Company's offer will be made to all shareholders of Greater Winnipeg Gas who are residents of Canada and will be mailed to shareholders within approximately two weeks. The Board of Directors Greater Winnipeg Gas have indicated that they will recommend acceptance of Northern Ontario Natural Gas Company's offer."

We expect that the formal offer by Northern Ontario Natural Gas Co. Ltd. will be mailed to all shareholders on or about October 29, 1965. In addition you will be receiving a letter from me outlining the views of your Board of Directors in this matter.

Weather conditions in the first nine months of 1965 benefited operating results and counter-balanced higher income taxes. Industrial load was augmented by the start-up in September of Inland Cement Company's new Winnipeg plant. Economic conditions in the area are excellent. While prairie crops were harmed to some extent by wet weather, the 1965 harvest value will rank high relative to crop values in other years.

Submitted on behalf of the Board of Directors.

Peter D. Curry,
President.

Figures appearing in these statements are presented as general information and not in connection with any sale or offer to sell or solicitation of an offer to buy any securities, nor are they intended as a representation by the Company of the value of any of its securities. All figures reported are subject to such adjustments as the annual audit by independent accountants may disclose to be necessary and to the explanatory notes affecting income and balance sheet accounts contained in the Company's Annual Report.



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prepared by ... osler, hammond & nanton limited ... winnipeg, canada

SOME FACTS ABOUT
GREATER WINNIPEG
GAS COMPANY ...

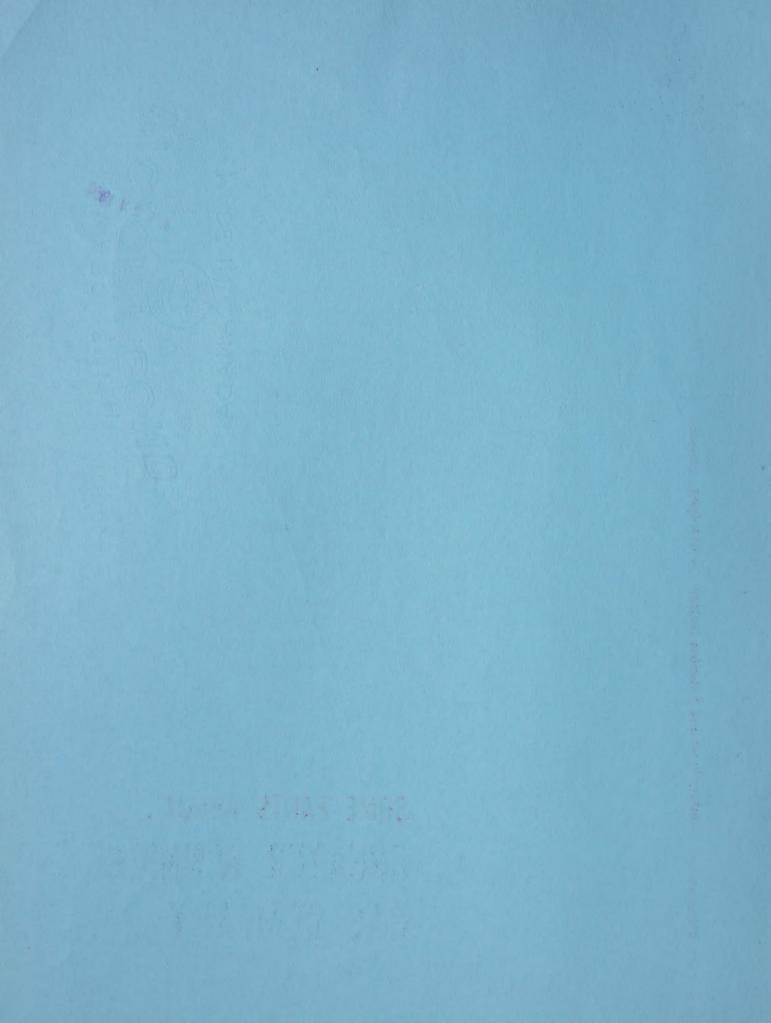


TABLE OF CONTENTS

- 1. In Brief
- 2. Greater Winnipeg
- 3. Map
- 4. The Company Franchise Natural Gas Supply
 - 5. Operating Techniques
 - 6. Properties
 - 7. Ability of System to Expand Cost of Gas Compared to other Fuels - Future Market
 - 8. Company Customer Relations
 - 9. Operating Management
 - 10. Statistical Information
 - 11. Comparative Income Statements
 - 12. Balance Sheet
 - 13. Capital Cost Customer Growth
 - 14. Capitalization Voting Trust Agreement
 - 15. Estimated Income Conclusion

Appendix

A Natural Gas Supply - General Service Rate B and C Cost of Gas Compared to other Fuels

Glossary of Terms

Directors of Company

Winnipeg, Canada April, 1960

TABLE OF CONTENTS

- 1. In Brief
 2. Greater Winnipen
 3. Map
 3. Map
 4. The Company Francis
 5. Operating Technique
 7. Ability of System to
 8. Compared to other P
 9. Operating Managemen
 10. Statistical Informer
 11. Domparettive Income
 12. Balance Sheer
 13. Capital Cost Cost
 14. Capital Cost Cost
 15. Capital Cost Cost
 16. Capital Cost Cost
 17. Capital Cost Cost
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- A Service here Supply General Service here

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Glossasy of Terms

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GREATER WINNIPEG GAS COMPANY - IN BRIEF

Franchised Area

Greater Winnipeg Gas Company is the single operating gas utility active in Canada's fourth largest metropolitan area with a population of almost 450,000 the Company holds a 25 year uniform exclusive franchise to service the sixteen communities comprising Greater Winnipeg

Climate

Greater Winnipeg is one of the coldest franchised metropolitan areas on the North American continent

Natural Gas Supply

A 20 year contract dated from 1957 was negotiated with Trans-Canada Pipe Lines

Physical Properties

High pressure lines designed for a maximum operating pressure of 150 pounds per square inch will encircle the entire city of Winnipeg medium pressure system is designed to supply suburban areas low pressure system formerly used to distribute manufactured gas functions in central Winnipeg

Gas Cost

Natural gas is highly competitive with other fuels in Greater Winnipeg for residential purposes

Future Market for Gas

Population expected to increase 56% to 700,000 by 1978 dwellings to increase 75% to 175,000 Company expects to have services available to 85% or 90% of these dwellings

Financial

In next 5 years capital expenditure will amount to \$18,700,000 operating revenue will increase to \$16,800,000 from \$3,773,345 in 1959 net income to \$1,600,000 from \$57,500 in 1959

Conclusion

We are confident that natural gas will enjoy a very favourable position in the Greater Winnipeg area for many years to come.

New and experienced management sound financing new properties and installations and long cold winters make the securities of Greater Winnipeg Gas attractive investment opportunities.

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GREATER WINNIPEG

Greater Winnipeg, with a population of almost 450,000 is the fourth largest metropolitan area in Canada and the largest in western Canada, exclusive of the coastal city of Vancouver. While Winnipeg has always been recognized as the leading distribution and trading location for this central section of Canada, it has also developed as a manufacturing complex. This development accounts for a significant portion of the 14% population growth realized over the past five years.

Industrialization and diversification continue, particularly in consumer goods and certain types of light capital goods, with the result that Greater Winnipeg has attained the stature of the most fully integrated city in western Canada.

Labour

The present labour supply in Greater Winnipeg appears adequate to sustain future increases in industrial activity. This supply should continue to grow as more farm workers migrate to the Greater Winnipeg area.

Employment

A recent breakdown of employment for the Greater Winnipeg area reveals the following:

	Thousand	% of total
Manufacturing	33.1	36.9
Construction	6.2	6.9
Transportation, storage, communication	9.5	10.6
Wholesale trade	9.2	10.3
Retail trade	16.5	18.5
Finance, insurance & real estate	6.6	7.4
Service	6.2	6.9
All other	2.2	2.5
Total:	89.5	100.0%

Source: Dominion Bureau of Statistics.

Land

Greater Winnipeg has an abundant supply of land although much of the outlying area is not yet serviced by all the necessary water, electricity, gas and sewage utilities. In some areas, the sewage capacity is not adequate for certain types of manufacturing activities; however, this is typical of most expanding communities and steps being undertaken will improve the situation. The introduction of metropolitan government in the Greater Winnipeg area should facilitate these services.

Climate

Greater Winnipeg's climate is characterized by large temperature variations between the seasons of the year and by a comparatively low annual precipitation. The average annual temperature is 35 degrees with an average January temperature of -2 degrees and an average July temperature of 67 degrees. Precipitation generally averages around 20.5 inches annually with the wettest period in early summer. Degree Day Deficiency has averaged over 10,000 for the past 10 years with the result that Winnipeg is one of the coldest franchised metropolitan areas in N. America.

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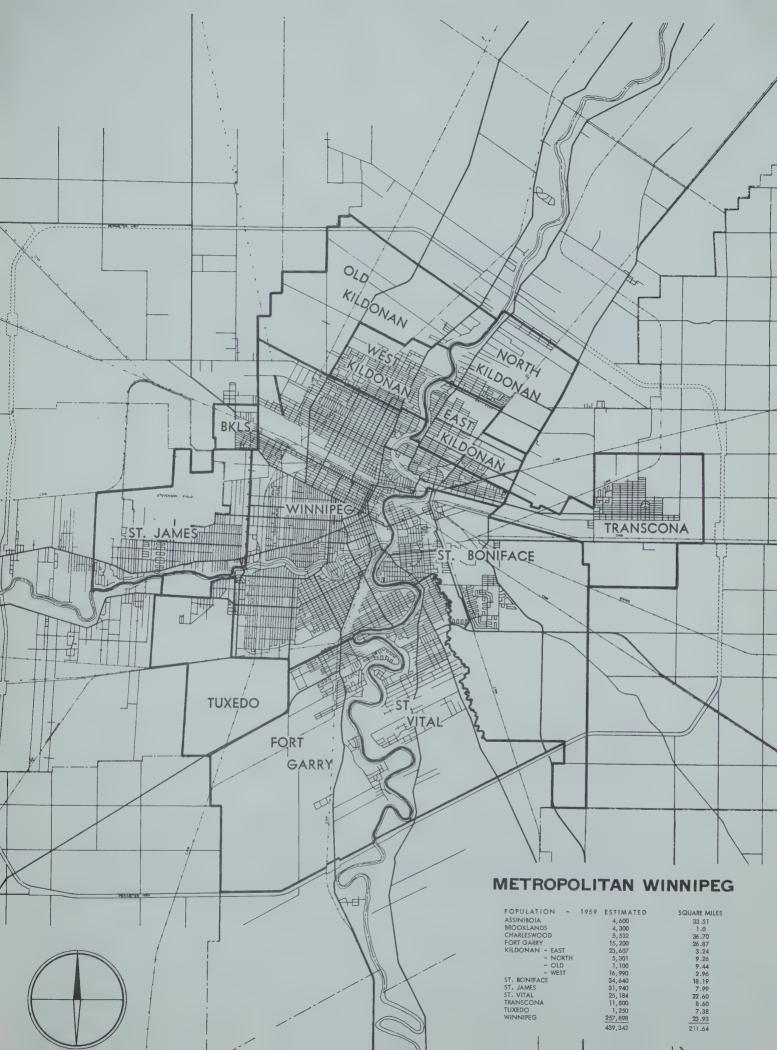
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THE COMPANY

Greater Winnipeg Gas Company is engaged in the distribution of natural gas to residential, commercial and industrial customers in the Greater Winnipeg area of Manitoba. Incorporated in 1953 by Special Act of the Legislature of the Province of Manitoba as The Winnipeg & Central Gas Company, acquisition was made of the gas utility previously owned and operated by Winnipeg Electric Company. The name of the Company was changed to Greater Winnipeg Gas Company by an order of the Lieutenant-Governor-in-Council on October 9, 1958.

The Company is a public utility and as such is subject to the jurisdiction of the Public Utilities Board of Manitoba.

FRANCHISE

A Royal Commission was established in March, 1958 to investigate the most efficient manner for the distribution of natural gas in the Greater Winnipeg area and to serve the greatest number of consumers in the shortest time at the lowest rate compatible with long term public interests. The Commission recommended that the Company be given an exclusive 25 yr. franchise to distribute gas throughout the Greater Winnipeg area providing the Company complied with certain recommendations of the Commission.

NATURAL GAS SUPPLY

The Company entered into a contract dated May 12, 1955 for the purchase of natural gas from Trans-Canada Pipe Lines Limited. This contract has been amended from time to time. The term of the contract is for a period of twenty years from 1957, and thereafter until terminated by either party upon twelve months' prior written notice to the other.

Based on present estimates of potential sales, and after the third contract year, the annual gas requirements of the Greater Winnipeg area as well as the maximum daily volumes will be greater than anticipated. The Company will purchase additional requirements at rates to be determined.



Trans-Canada Pipe Lines Limited have assured continuous service in Manitoba generally, including the Greater Winnipeg area. In the Trans-Canada pipeline, gas is transmitted at a pressure several times the pressure used in a distribution system and the inventory of gas in the line itself is sufficient to service Trans Canada's customers for a period of some days.

In addition, new facilities have been added to the junction of Trans-Canada's transmission system with the lateral into the Greater Winnipeg area which will permit gas to be delivered into Greater Winnipeg from the east during any period of emergency to the West.

OPERATING TECHNIQUES

When natural gas is considered for a community where there has been a manufactured gas system, there are two general methods of introduction. One method is to create a ring of higher pressure gas mains around the existing system so that feeder lines will run inwards to supply areas not served with gas. This develops an inner low pressure area and an outer medium pressure network. The existing low pressure system is restricted to a relatively low maximum working pressure due to inherent characteristics of pipe construction and joints. Another method is to run the new high pressure lines into the center of the old system first and serve the outlying areas later. Either system will give the same end results and the selection of method is largely one of economics, long range planning, and financial conditions.

In the case of Greater Winnipeg Gas Company, the outer ring system was decided upon and a high pressure loop line is now partially constructed. The development outside of the loop line is known as the medium pressure area, and gas can be distributed at a maximum operating pressure of 60 lbs. per sq. in. An advantage of this system is that the completed loop line provides a superior method for balancing pressures, as feeder lines can be run into any area where demand is increasing.

Another favourable feature of Greater Winnipeg Gas Company's plan has been to run a Y line into and eventually through the old low pressure system. This might be described as three future spokes. At present this Y line is only partially completed, but it is located so that the greatest benefit to natural gas pressures and supply may be obtained in areas where greatest initial demand is expected.

The principle of circling Winnipeg with a loop line and tying the loop line across by a Y line is a sound one as this makes gas available to one section of the loop from two or more sources. The manner in which the tie line goes across Winnipeg has been well planned, making it possible to serve the heavier types of heating loads at a minimum of service main extension costs. The combination of loop line and tie line is also the most economical manner in which the existing low pressure system can be strengthened.



PROPERTIES

High Pressure System

The transmission line of Trans-Canada Pipe Lines Limited, from which the company obtains its natural gas supply, passes about 7½ miles south of Winnipeg. The Company has constructed a transmission spur line to a city gate station where the natural gas is conditioned, metered and reduced in pressure. From the city gate station, gas is fed into the high pressure distribution system designed for a maximum operating pressure of 150 pounds per square inch. The design of the high pressure distribution system has been planned to serve the entire Greater Winnipeg area. At the present time 70% of the high pressure distribution system is installed and in use.

Medium Pressure System

The medium pressure system consists of welded steel mains designed for a maximum operating pressure of 60 pounds per square inch. Natural gas is fed into the medium pressure system by means of a number of underground regulating stations. Approximately 300 miles of the medium pressure system is now installed and in use.

Low Pressure System

The low pressure system consists of cast iron mains formerly used to distribute manufactured gas. This system in the City of Winnipeg proper contains about 143 miles of pipe which is in excellent condition.

The low pressure system's capacity with natural gas is 12 million cubic feet per day, and will allow 100% saturation of the area served by this system. The Company does not contemplate any further extension of this cast iron low pressure system, although certain steel feeder mains and regulating facilities will be added as required.

Other Properties

In addition to the distribution systems, the Company's property includes the service pipe which conducts the gas from the mains to the customer's premises, as well as meters and regulators, office, transportation and engineering equipment.

The City Gate Station is modern and the various pressure reducing stations are all of exceptionally fine quality. The engineering is good, with adequate protection through dual piping and valving arrangements.

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THE ABILITY OF THE GAS SYSTEM TO EXPAND WITH THE GROWTH OF THE CITY.

The system has been planned on a long range scale to grow as Greater Winnipeg grows. In its present condition the growth pattern of the distribution system has been influenced materially by the extension of medium pressure lines to serve new housing projects. One of the salient features about the loop line design is that as the City expands to a point where the existing loop line can no longer handle the outer fringes, then a second loop line can be constructed to form another outer ring around Greater Winnipeg.

COST OF GAS IN GREATER WINNIFEG AS COMPARED WITH OTHER FUELS

In making any study of the comparative cost of one fuel with another, there is too frequently a tendency for the comparison to be based on a theoretical approach. The efficiency or amount of heat which is usefully obtained from a furnace depends to a great extent on the skill of the operator. Examples will be found in the appendix which show that the cost of natural gas in the Greater Winnipeg area compares very favourably with alternative fuels.

FUTURE MARKET FOR GAS IN THE GREATER WINNIPEG AREA*

"The metropolitan Planning Commission of Greater Winnipeg has prepared forecasts of future growth and developed four different rates of growth, taking into account such influences as immigration, death and birth rates, and Canadian developments which may affect the rate of growth in Winnipeg. In forecasting the number of homes for the Greater Winnipeg area, a prediction could be based on the straight line growth, and on this basis, there should be a population in Greater Winnipeg by 1978 of 700,000 people. Using the basis of four people per family unit this would mean that there will be 175,000 dwellings as a potential market for gas. In view of the popular acceptance of natural gas for home heating, by 1978 it would reach an 85% to 90% saturation. This would mean that by 1978 there would be in the neighbourhood of 155,000 homes using gas."

* See Report of the Natural Gas Distribution Enquiry Commission of Greater Winnipeg page 64.



COMPANY - CUSTOMER RELATIONS

The Greater Winnipeg Gas Company maintains an active force of sales personnel who work with dealers to develop residential, commercial & industrial installations and appliances in existing areas already facing gas mains and also new housing projects being built in the Greater Winnipeg area.

New installations are inspected by fully qualified Service Department personnel to ensure that high levels of safety have been maintained. The Service Department maintains a 24 hour repair service and minor repairs are made free of charge.

During the summer months an educational training programme is conducted by the Company to acquaint dealers with the most recent information to improve their sales productivity.

A service is available to dealers whereby the Company will finance their installment contracts covering heating equipment and other gas appliances.

The close Company-dealer-customer relationship is an essential link in the expansion of natural gas in Winnipeg and good public relations are encouraged by trained personnel and an active publicity campaign by dealers.



OPERATING MANAGEMENT

Mr. Arthur R. Elliott - Vice President and General Manager.

Mr. Elliott joined the Company on January 1, 1959. He holds a Masters Degree in Engineering from the Massachusetts Institute of Technology and has had 30 years experience in the utility business. Immediately prior to his joining the Company, Mr. Elliott was Division Manager of Central Indiana Gas Company at Muncie, Indiana.

Mr. F. Bancroft - Vice President and Secretary-Treasurer

Mr. Bancroft is a graduate chartered accountant who, before joining the Company in 1953, spent over 20 years with the public accounting firm of George A. Touche & Co.

Mr. A. E. Sharp - General Superintendent of Operations

A graduate of the McGill University School of Engineering, Mr. Sharp was Area Engineer with North American Cyanamid in Niagara Falls before joining Greater Winnipeg Gas in 1955. In 1959, he was promoted from Chief Engineer to General Superintendent of Operations which includes Distribution and Engineering.

Mr. Howard C. Neal - General Sales Manager

Mr. Neal joined the Company on May 1, 1959. He has had 22 years experience in the gas utility business, and prior to joining the Company, was Sales Manager of the Union Gas Company at Windsor, Ontario.

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GREATER WINNIPEG GAS COMPANY STATISTICAL INFORMATION

Number of Acti Residenti Commercia Industria	al	ers (Year	c-end)	1:	58 3,523 .,430	1959 21,654 1,815 306
				14	4,953	23,775
Gas Supply - M	ICF (Natur	aly Gas I	Purchased)	3,977	,537	6,403,846
Gas Deliveries Sales to Custo						
Residenti				940	,061	1,953,769
Commercia Industria				(2,877	,370 ₎	763,575 3,583,434
Total Sal	es:			Minor communication and administration of the second	,431	6,300,778
Unaccount	ed for:			160	,106	103,068
Total Gas	Deliveri	.es		3,977	,537	6,403,846
Maximum Daily	Sendout -	MCF		18	,249	36,530
Degree Day Def	iciency			10	,062	10,888
Average Use Pe	r Residen	tial Cust	omer - MC	<u>F</u> *	69.6	90.2
Average Revenu	e Per MCF	-				
Residenti				:	\$1.10	\$.93
Commercia Industria					(.43)	, 81 . 37
					,	
Number of Shar Trust Certific			ng	4	,157	6,018
Trust Certific	ate norde	:13			, 107	0,010
Number of Empl	oyees				215	268
Miles of Mains	In Use					
C4 - 1 36-1-	1954 7	1955 19	1956 54	1957 137	1958 173	1959 334
Steel Main Cast Iron	144	144	144	143	143	143
2.4.011			-			***************************************
	151	163	198	280	316	477

^{*} Average all customers is obtained by dividing residential sales in MCF by the year-end residential customers.



GREATER WINNIPEG GAS

COMPARATIVE STATEMENT OF INCOME For the year ended December 31st

	Thousands	of Dollars
	1958	1959
Operating Revenues	\$2303	\$3773
Operating Revenue Deductions		
Cost of Gas	1115	1862
General Operation	645	873
Maintenance	214	217
Depreciation	202	235
Taxes - General (Note 1)	79	75
Total:	2255	3263
Utility Operating Income	48	510
Other Income - Net	11	116
Gross Income	59	626
Income Deductions		
Interest on Funded Debt	265	655
Amortization of Debt Discount and		
Expense	47	27
Other Interest Charges	289	26
Interest charged to Construction		
	dit)(76)	(139)
Miscellaneous	12	
Total:	537	569
Net Income (Loss)	(478)	57

NOTE 1 -- No income taxes are payable because of the existence of tax losses from prior years.



GREATER WINNIPEG GAS COMPANY

Comparative Balance Sheet

<u>ASSETS</u>		s of Dollars December 31
Fixed Assets Property, Plant and equipment Less: Accumulated depreciation Balance (Note 1)	1958 \$ 13,573 3,256 10,317	1959 \$ 15,317 790 14,527
Current Assets Cash and cash investments Accounts receivable Materials and supplies Prepaid expenses Total Current Assets	2,608 446 986 13 4,053	13 1,795 961 28 2,797
Deposit for Payment of Interest	525	
Deferred Charges	1,850	1,853
Total Assets	\$ 16,745	\$ 19,177
LIABILITIES		
Capital Shares and Surplus Common, 893, 635 shares of no par value Earned surplus (deficit)	\$ 3,831 (479) 3,352	\$ 3,833 (421) 3,412
Appraisal Surplus (note 1)	1,235	m =
Contributions in aid of Construction	132	159
Funded Debt	11,379	11,379
Current Liabilities Bank advances - secured Accounts payable Accrued interest on funded debt Customers' deposits Deferred income from conditional sales contract Total Current Liabilities	551 54 35 ct 7 647	3,086 797 54 16 274 4,227
Total Liabilities	\$16,745	\$ 19,177
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Note 1 - In December 1959, pursuant to a request by the Public Utilities Board of the Province of Manitoba, the Company adjusted its books to eliminate the effect of recording certain appraisal values in December 1955. Such adjustment reduced property, plant and equipment and the provision for accumulated depreciation by \$3,925,117 and \$2,689,470 respectively, and eliminated the surplus arising from appraisal of fixed assets amounting to \$1,235,647. At 31 December 1959 the property, plant and equipment balance of \$15,317,159 represents the net cost of fixed assets acquired from Winnipeg Electric Company on 1 December 1952 plus subsequent additions at cost, less retirements.



CAPITAL COST, CUSTOMER GROWTH AND INCOME FORECASTS

The following estimates are based upon projections prepared by Stone and Webster for Greater Winnipeg Gas in October, 1958. We have revised the original projections in the light of the Company's operations since that date.

Estimated Construction requirements for the years 1960 - 1964 inclusive are as follows:-

1960	\$4,700,000
1961	4,900,000
1962	4,100,000
1963	3,300,000
1964	1,700,000
	\$18,700,000

Estimated Customer Growth (year-end)

	1960	1961	1962	<u>1963</u>	1964
*Residential General	4,280	3,640	3,280	2,950	2,650
Residential Space Heating	27,600	41,000	55,000	66,000	72,000
Commercial General	840	960	1,030	1,080	1,130
Commercial Space Heating	1,820	2,540	3,060	3,500	3,975
Industrial	325	350	370	390	400
	34,865	48,490	62,740	73,920	80,155

^{*} These are residential customers on the low pressure system who use gas for non-space heating purposes only. The estimated decline in this category is based upon the prediction that some will move into the space heating category. Also most of these customers are located in the central part of the city. Commercial building is expected to replace some present residential units in this area.

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CAPITALIZATION

The capitalization of the Company as at December 31, 1959 is as follows:

	Authorized	Issued and Outstanding
5 3/4% First Mortgage Bonds,		
Series A (1958)	\$6,500,000	\$6,500,000
6% Debentures	2,500,000	2,500,000
5½% Subordinate Debentures	2,400,000	2,378,500
Common Shares without nominal		
or par value	1,500,000	shares 893,635 shares

- Notes (1) Additional Bonds and Debentures may be issued without limitation as to aggregate principal amount subject to the restrictions contained in the applicable trust instruments.
 - (2) 141,570 additional common shares are reserved against the exercise of stock purchase warrants.

VOTING TRUST AGREEMENT

In order to provide continuity of management and control in the Company's formative years of natural gas operations, a Voting Trust Agreement was entered into on December 1, 1958. The parties to the agreement are the Company, its underwriters, and five Voting Trustees. The Voting Trustees are all directors of the Company and residents of Winnipeg. By the agreement 600,000 fully paid and non-assessable common shares were deposited with the Montreal Trust Company and are held under the control of the Voting Trustees. Voting Trust Certificates representing the deposited common shares were issued, and they convey to their holders all the benefits of holding the common shares except that voting rights have been relinquished to the Voting Trustees. The Voting Trust Agreement terminates on December 1, 1963.



Estimate of Income (Expressed in Thousands of Dollars)

	1960	1961	1962	1963	1964
Operating Revenues	\$6,200	\$9,100	\$ 2 1.00	\$14,900	\$16,800
Revenue Deductions Income Deductions	5,100 740	7,400 950	9,900 1,150	12,200	13,800 1,500
	\$5,840	\$8,350	\$11,050	\$13,600	\$15,300
Net Utility Income Other Income	360 100	750 150	1,050 200	1,300 250	1,500 300
Income Before Taxes *Income Taxes	\$ 460	\$ 900	\$ 1,250	\$ 1,550	\$ 1,800 200
Net Income	\$ 460	\$ 900	\$ 1,250	\$ 1,550	\$ 1,600

^{*}Previous years operating losses are applied against profits for Income Tax purpose for years 1960 - 1963.

Assuming that the Company will have outstanding 1,500,000 common shares, earning per share would be:

1961	60	cents
1962	83	cents
1963	\$1.03	
1964	\$1.06	

CONCLUSION

Natural gas will enjoy a very favourable position in the Greater Winnipeg area for many years to come, not only because of its qualities as a clean and easily controllable source of heat for many industrial and household purposes, but also because of its advantageous cost factor compared with other fuels. Greater Winnipeg located at the mid-way point of Trans-Canada's large diameter gas transmission line is assured of a long term supply of natural gas.

Long cold winters ensure extensive use of natural gas for at least 7 months of the year and growing industrialization of the Greater Winnipeg area leads to a solidly based gas utility operation.

Greater Winnipeg Gas has materially strengthened its operating management during the past year through the addition of personnel with many years experience in the gas utility business. New physical facilities and installations of modern design enable services to be provided for the most efficient distribution of natural gas.

The year 1959 ended a period of losses incurred in building a market for natural gas. The Company can now anticipate a long period of profitable operation. Under these favourable conditions the Company's securities become attractive investments.

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APPENDIX

NATURAL GAS SUPPLY

Under the contract Trans-Canada is required to supply the Company with gas in amounts up to the following maximum daily volumes:

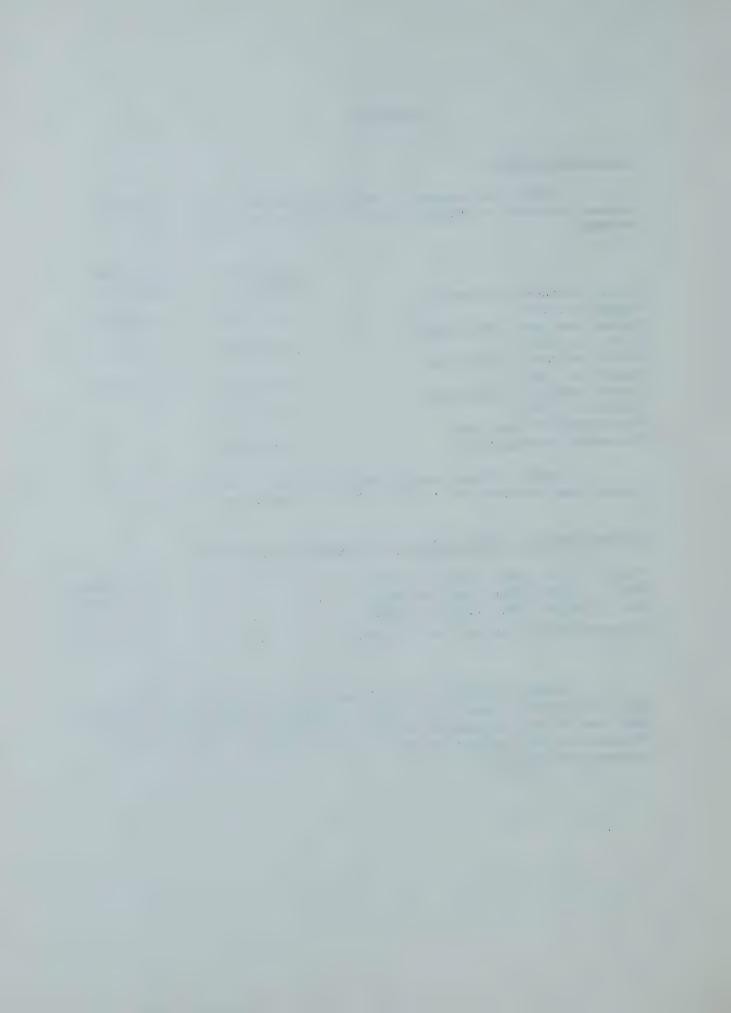
	Contracted Demand	Additional Demand
First contract year ending	white law + typping program and configuracy and configuration of the con	All Manager recomming a management physics and an extract district recomming
August 31, 1958 -	14,600 MCF	7,400 MCF
Second contract year ending August 31, 1959 -	22,800 MCF	7,500 MCF
Third contract year ending		
August 31, 1960 -	31,000 MCF	6,100 MCF
Fourth contract year ending August 31, 1961 -	20 200 MOR	
Fifth contract year and	39,300 MCF	
thereafter during term -	46,900 MCF	

Under certain conditions and within certain limits, the Company may increase or decrease the Contracted Demand.

GENERAL SERVICE RATE FOR ALL FIRM NATURAL GAS SERVICE

First	200	cubic	feet	per	month		\$1.00	minimum
Next	1,300	cubic	feet	per	month		1.30	per MCF
Next	198,500	cubic	feet	per	month		.80	per MCF
All or	ver 200.0	000 cul	bic f	eet r	oer mor	ıth	.75	per MCF

During 1959 the Company's average residential customer used 178.23 MCF of gas. This was for a DDD of 10,888 which is higher than the 10 year average of 10,660. The following table indicates consumptions and costs by months for the average residential customer during 1959.



MONTH		Gas Used (MCF)	Monthly Billing (Dollars)
Jan.	2173	31.05	\$26.27
Feb.	1810	30.19	25.61
Mar.	1356	21.86	18.93
Apr.	814	17.75	15.67
May	491	12.21	11.24
June	112	6.61	6.70
July	32	2.81	3.37
Aug.	22	2.09	2.88
Sept.	307	3.26	3.94
Oct.	905	10.07	9.44
Nov.	1462	18.57	16.21
Dec.	1404	21.76	18.67
	10,888	178.23	\$158.93
		47 of Grandship and Children processes employees a colonial and employee employees	

* See Glossary

COST OF GAS IN GREATER WINNIPEG AS COMPARED WITH OTHER FUELS

Some householders are very careful about their use of heat, maintaining very minimum temperatures for comfort and keeping their furnaces, ash pits and heating surfaces in the furnace clean. Other householders are interested only in maintaining 72 degrees and do not place too much emphasis on the efficiency of the furnace.

The cleaner the type of fuel and the more controlled the mixture of fuel and air, the better the efficiency, regardless of the operator's skill. Coal is not as clean as oil, and oil is harder to burn than gas. Another important consideration which must be taken into account where any comparison is made between piped fuels and solid fuels is the fact that the easier it is to receive and use, the more heat is usually used. The householder will not go to the trouble and inconvenience of lighting up a stoker or hand-fired coal furnace on cool fall and spring days or during weather such as is experienced in Winnipeg in early July, whereas the householder who has an oil burner may turn on the oil burner if comfort is more important than cost. Gas is easier to use than the other two fuels and there is a tendency for the consumer to use gas for heating in periods where coal would certainly not be used and oil might be used.



In the submission to the Royal Commission the report of the Consulting Engineer, Geo. C. Davis, stated that a true "average overall seasonal efficiency for household heating" would be:

> Gas 70% 0il 65 Coal (Stoker) 60 Coal (Hand-Fired 55

On the basis of these efficiencies and assuming that the average annual space heating requirement is 159 MCF per home, a comparison of fuel costs would be as follows:

(1) Gas

Efficiency 70% 159 MCF x 0.90 per MCF = \$144.43

(2) Oil

Efficiency 65%, 170,000 BTU/gal

 $\frac{159,000,000}{170,000 \text{ BTU/gal}} \times \frac{0.70}{0.65} = 1,007.2 \text{ Gals}$ or 1,007.2 Gals at 18.4¢ per Gallon = \$185.32

- (3) <u>Coal</u>
 - (a) Efficiency 60%, 10,400 BTU/1b and Stoker-Mix at an average Winnipeg price of \$16.35 per BTU ton

$$\frac{159,000,000}{20,800,000}$$
 x $\frac{.70}{.60}$ = 8.9 tons coal

or 8.9 tons Coal at \$16.35 = \$145.51

(b) Substituting Hand-Fired at an average Winnipeg price of \$17.68

$$\frac{159,000,000}{20,800,000} \times \frac{.70}{.55} = 9.7 \text{ tons coal}$$

or 9.7 tons coal at \$17.68 = \$171.50

From these calculations it is apparent that:

Gas costs approximately 22% less than oil.
Gas costs approximately 1% less than stoker coal.
Gas costs approximately 16% less than hand-fired coal.

It should be noted in these comparisons that no allowance has been made for maintenance costs which are usually lower when gas is used.

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GLOSSARY

High Pressure System

- A system of 12", 14" and 16" steel pipe started in 1956 that encircles the City and also crosses the center and supplies gas to the medium pressure & low pressure systems. It is designed for a max. operating pressure of 150 lbs. per sq. in.

Medium Pressure System

The Distribution System of 2" to 8" steel pipe started in 1954 that supplies customers generally. It is designed for a max. operating pressure of 60 lbs. per sq. in.

Low Pressure System

- A general distribution system of cast iron pipe that was originally used with manufactured gas for many years. It serves most of the older part of the City of Winnipeg at a pressure of approximately 1/2, 1b. per sq. in. or 8" W.C. which is substantially the same as that delivered to the customer's appliances.

Service

- The pipe that runs between the gas main and the meter on the customer's property.

On the medium pressure system this includes a service regulator to control the gas pressure to ½ lb. per sq. inch.

Loop Line

- Refers to that part of the high pressure system encircling the City.

Y - Line

Refers to that part of the high pressure system that crosses the center of the City. It may be visualized as spokes in the wheel rim that is the loop line.

Feeder Lines

- Are the larger sizes of the medium pressure system that take the gas from the high pressure system and supply the smaller mains.

W.C.

- An abbreviation of the term "inches of water column" which is a way of expressing pressure as the height in inches of a column of water that can be supported by the gas pressure.

Degree Day Deficiency or D.D.D.

The number of degrees the mean temperature for a given day is below 65 Degrees F. To Express it for a number of days, the figures for all days in the period are added. Thus for January, 1959 in Winnipeg the D.D.D. was 2173 and for the year 1959, was 10888.

Base Load

That gas used which is not materially affected by weather as, for example, domestic water heating and cooking.

Peak Shaving

- The supplying of extra gas or substitute gas to meet the requirements of heavy load periods that require a supply greater than that covered by the normal supply contract. This is done in order to keep the contract quantity for normal use as low as possible and so keep the over all cost of gas down.

Load Factor

- Is the ratio of the average daily use of gas to the maximum delivery that could be supplied during a given period.

RATES:

Contract Demand or Billing Demand

- The maximum quantity of gas that can be obtained in any one day, with normal charges, as set out in the gas supply contract.

Demand Charge or Demand Billing

- Is the monthly charge arising from the application of the monthly demand rate to the contract demand.

Monthly Demand Rate

- The amount charged per month for each MCF of contract demand.

Commodity Rate

- The amount charged for each MCF of gas actually delivered.

Commodity Charge

- The monthly charge based on the amount of gas actually delivered and the commodity rate.

MCF

- An abbreviation for 1000 cu. ft.

BTU

- An abbreviation for British Thermal Unit which is a unit of heat measurement. It can be defined quite accurately to be the amount of heat required to raise the temperature of 1 lb. of water through 1 degree F.



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